

Full Length Research

China-Pakistan Economic Corridor: Impact on Regional Stability of South Asia

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China-Pakistan agrees on the project of China-Pakistan Economic Corridor (CPEC) which is a framework for regional connectivity and economic cooperation. India did not join the CPEC on the ground that it passes through territory which is dispute between India-Pakistan. Pakistan through CPEC project will gain high economic growth which will help it, in second-nuclear strike capability because Pakistan has first-use- of –nuclear weapons against India. So, Pakistan can achieve balance of power vis-à-vis India in South Asia. This situation will deter India from taking any action against Pakistan in presence of Chinese troops in Pakistan Occupied Kashmir (PoK). Other South Asian countries can incline to China in respect of economic development purposes. In this context, India should join the CPEC project for sake of reaching an understanding for the settlement of their hot issues through negotiations. If, they resolve their issues, Asia and South Asia will flourish in economic sphere and pave way for active economic integrations. But, the India-US close strategic relations may hinder India-China-Pakistan relations because recently, the US has revealed new strategy for South Asia especially against Afghanistan and Pakistan. US put responsibility on India in respect to play a larger role in providing economic and development assistance to the war-torn Afghanistan. From historical standpoint, Pakistan has been looked as non-NATO ally to US and India as a friend not an ally. Right now, the US is beholding, India as an ally and Pakistan as the problem. Therefore, this is a new strategic shift in South Asia and can or may create problems for the regional stability of South Asia.

Keywords: India, China, Pakistan, South Asia, US, CPEC.

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INTRODUCTION

Background

The incapacity of India-China to stabilize their ties is the prediction given by the first Indian Prime Minister Jawaharlal Nehru in 1950. When Nehru suggested the then home minister Sardar Vallabhai Patel that bad ties or enmity with China should be avoided at any rate; otherwise the situation would be exploited not by Pakistan but also by the superpowers. Nehru's prediction

came true with 1962 war. In the aftermath, India's China policy had to contend with the China-Pakistan-US alliance.¹ The 1962 border war which could have been shunned but finally resulted in India-China enmity ; an enmity exploited by Pakistan and US as predicted by

¹Rajen Harshe and K.M.Seethi, "Engaging with the World: Critical Reflections on India's Foreign Policy" (ed.) Orient Blackswan, (New Delhi: 2009), p.154.

Nehru in 1950. The Kautilyan dictum –*Your enemy's enemy is your friend*² was put to practice by China-Pakistan. China-Pakistan became close friends particularly due to Pakistan role in China-US rapprochement in 1972 which is called as *Ping-Pong* diplomacy which changed China's ideological position. The India-Soviet Russia friendship in this period further developed due to China-Pakistan –US friendliness. The progress in China-US ties also assured China that US would not use Tibet to destabilize China. Moreover, it became clear to China that the US will not have any strategic ties with India which if it happened could be harmful to China. The change in China-India ties in the aftermath of the 1962 war facilitated the concept that “the balance of power in major third world regions and within developing countries must remain on the whole stable”. That is it should be favorable to the US. India's independent policy of Non-alignment was seen as an assertion against the US policy of global polarization. The China-US friendliness not only changed the way of the Cold War but it also compelled most of the non-aligned nations to align with one bloc or the other. In this period, China's using of Pakistan against India seen US supported. This context led the South Asia in a condition of tension and keeping it suitable to outside interference and hurdles the emergence of a regional power in South Asia. Accordingly China by developing such ties with South Asian countries through military cooperation particularly with Pakistan against India. So, China is seen to be following the ancient Chinese military /strategic perception to win without fighting is the best. Even China using Pakistan against India and believes that “*Pakistan is our Israel*” as US using Israel against Arab countries.² The China-Pakistan bilateral ties which Islamabad describing emotionally as “All-weather friendship or All-weather ally” But this relationship experienced many ups and downs. India has been the dominant factor. Pakistan was the first Muslim country in South Asia who recognized China. India was the first in South Asia who recognized the China. But India-China inked diplomatic relations in 1951. Pakistan's eager membership of the US-led anti-communist military pacts, SEATO and CENTO, soon afterward was not the perfect beginning for their relationship in the same decade in which India-China celebrated Hindi-Chini-Bhai-Bhai (India-China is brothers). In fact, it was only in the aftermath of 1962 war between India-China that Pakistan-China ties really established. In 1959 the separatist Dalai Lama, China's tacit support for Pakistan in the 1965 war was a turning point because the beginning of China-Pakistan engaging defence and nuclear cooperation. While there is much belief that China assists Pakistan in the development of nuclearisation. In 2016 China accepted assistance to

Pakistan in building 6 nuclear reactors. Two of these at *Chashma* were declared at the time it joined the Nuclear Suppliers Group in 2004 and China was allowed to supervise then as part of an agreement that led its membership of the elite group. Since then, China has helped Pakistan build 2 more reactors at *Chashma* and has declared assistance for another 2 at Karachi despite protests at NSG. China who 2016 year blocked India's membership to the NSG, did not oppose India's 123 agreement with US but has occasionally argued for the similar sort of nuclear concession to Pakistan which US permitted for India. In spite of the money and military aid the US kept into Pakistan over the years. Pakistan sees China as a far more trustworthy ally. Pakistan sees the US as using their country to gain strategic goals in the South Asian region. And trapping Pakistan at will, continuously asking it to do more and openly disgracing Pakistan over its terrorism issues. Conversely, China gives Pakistan the security of constant support by a big power while Islamabad acts as its unquestioning ally at a strategic crossroads of Asia. Actually, the idea of the China-Pakistan Economic Corridor (CPEC)-India's main objection to China's splendidly ambitious Belt and Road Initiative did not happen overnight. Probably, the first part of foundation was laid by the China-Pakistan agreement of 1963 under which China gave 1,942 sq. km to Pakistan and Pakistan recognized Chinese sovereignty over thousands of square kilometers in northern Kashmir and Ladakh. India contests the agreement which includes land that is part of Kashmir.³ Pakistan's great moment in international diplomacy came when Pakistan facilitated Henry Kissinger's secret ice-breaking visit to China in 1971, laying the base for a visit by President Richard Nixon the following year. Pakistan also acted as bridge between China and the Arab world starting with Saudi Arabia. In spite of Pakistan also learnt not take China for granted because it suffered a crushing blow in 1971, months after it had helped the US-China meet again. When contrary to hopes of Pakistan-US and to the dismay of both, China kept aloof from the war which led to the creation of Bangladesh. Pakistan also watched with worry as India-China re-established diplomatic ties in 1978 after a long gap. Through the 1980's and 90's, as India-China ties improved through trade even as they talked on the boundary dispute, the China's firm casting of Kashmir as a bilateral dispute was a bitter pill for Pakistan. China holding on this position and repeating it time and time again including after its ambassador to Pakistan suggested 2016 that his country supports Islamabad on the Kashmir issue. China also refused to offer nuclear guarantees to Pakistan after India's 1998 nuclear test which Beijing condemned in harsh words and dismissed scornfully India's position that its acquisition of nuclear weapons was anti-China threat. When Pakistan

² Ibid. pp.162-163.

³ The Indian Express, May 23 2017, p.13.

tested its own nuclear devices in 1998, China also expressed disappointment. In spite of during the Kargil war China refused to give Pakistan any over lift. Seeking to balance its growing ties with India, China signed a Treaty of Peace, Cooperation and Friendship with Pakistan in 2005 during the visit of Prime Minister Wen Jiabao which one former Pakistani ambassador to China described as “a legal framework that has converted an old friendship into partnership. But In the wake of Mumbai attack of 2008, China was unsympathetic to Pakistan, lifting its technical hold on the Security Council 1267 designation of Jamaat-ud-dawa and its chief Hafiz Saeed. But it has refused to do this in the case of Jaish-e-Muhammad founder Masood Azhar. In India China is considered representative of Pakistan of the whole of their ties. In fact, China-Pakistan ties is considered greater than the sum of these parts that has endured nearly seven decades of changes in the geopolitical and strategic interests of both countries. Accordingly, most of the South Asian and beyond now think relations with China as a strategic necessity but remain distrustful of the Asian superpower. Sri Lanka and Myanmar influencing their respective governments to benefit more to China. Pakistan despite the clear absence of cultural ties between China-Pakistan but people of Pakistan warmly welcomed the Prime Minister Wen Jiabao's arrival in Islamabad in n 2005. But CPEC may make China-Pakistan relationship stronger than steel.⁴

What is China-Pakistan Economic Corridor (CPEC)?

The China-Pakistan Economic Corridor (CPEC) is a mutual project between China-Pakistan for the development of roads, railways and ports particularly aimed at boosting business chances for Pakistan. The CPEC is permitting developed connectivity and power to energy hungry economic centers of Pakistan.⁵ Geographically, the CPEC, a US\$46 billion project is intended to link Kashgar, in Xinjiang province of China through Gilgit-Baltistan to Gwadar port in Pakistan.⁶ Almost, the CPEC covers the distance of three thousand kilometers and will be completed in 2030. The CPEC will give reach for China to the Indian Ocean and give an second choice route for energy imports if, the Malacca Strait suffers from increasing tensions between the US and China. The CPEC permits reach and open

markets for the agitated Xinjiang province which has had a long weak relationship with Communist Party of China. Accordingly, China-Pakistan signed *China-Pakistan Economic Corridor* (CPEC) which is framework for regional connectivity and economic cooperation. The scope of CPEC had immensely increased with the Chinese investment swelling from \$46 to \$56 billion. But India objected the project because this is passes through Pakistan Occupied Kashmir (PoK) which is disputed land between India-Pakistan. So China seeking to lessen India's concerns and offered to rename the CPEC which passes through Pakistan administered Kashmir insisting it was an economic cooperation and connectivity enhancement project devoid of sovereignty issues. China also strongly pushed for New Delhi's participation in the *One Belt, One Road* 'Project. China while referring to cold India-Pakistan relations offers for mediation to resolve the differences between India-Pakistan if they accept it. China also highlighted that it has no intention to get involved in the *sovereignty* and *territorial disputes* between India-Pakistan and that the project is for promoting economic cooperation and connectivity in the region. India has been severely critical of the CPEC highlighting that the project violates its *sovereignty* as it runs through Pakistan administered Kashmir. But China highlighted that China-India could be natural partners in connectivity and the *One Belt, One Road* which later renamed as *Belt and Road Initiative*. India's economy was behind China by at least 13 years suggested New Delhi should grab economic opportunities offered by Beijing. Now the GDP of India is roughly that of China in 2004, some 13 years ago. China leads India by 13 years mainly because China started reform and opening up 13 years earlier. Referring to the view in India that China always puts Pakistan first when handling its relations with South Asian countries. Chinese ambassador to New Delhi Luo Zhaohui asserted that government of China always follows China first policy and that problems are dealt on merit. But he responded by examples as pertaining to Kashmir issue China supported the relevant UN resolutions before 1990's. Then China supported a settlement through bilateral negotiation in line with the Simla Agreement. This is an example of China taking care of India's concern. The development of China, India, Pakistan and the stability of the whole region call for a stable and friendly environment. Accordingly, China is willing to mediate the problems between India-Pakistan provided both India-Pakistan's accept it. Today, China is the second largest economy in the world with a GDP of 11 trillion US dollars. In the presence of 29 foreign leaders in Beijing, Chinese President Xi Jinping unveiled his pet initiative – One Belt, One Road (OBOR) which seeks to establish Beijing at the center of the World's economy through a series of massive infrastructure projects connecting China with the world. India was only big absentee because India has concerns over projects in

⁴ Ibid.

⁵ China-Pakistan Economic Corridor', available at <http://www.cpecinfo.com/businessmen#>, accessed on 12 December 2016.

⁶ Hanan Zafar, 'CPEC: Boon or Bane for Pakistan?', *The Diplomat*, 16 November 2016, available at <http://thediplomat.com/2016/11/cpec-boon-or-bane-for-pakistan/>, accessed on 12 December 2016.

Pakistan Occupied Kashmir (PoK) pressed New Delhi to boycott the summit. India's boycotting One Belt One Road is unlikely to have major impact on the ties between India-China because the two sides are already dealing with a long list of thorny issues, from China's opposition to India's entry into the NSG to its protection of Pakistani terrorist against UN Security Council sanctions to allow the ties to descend into outright hostility because India is continue engaging with China on everything.⁷

India: A Challenge for CPEC

India did not attend the China's Belt and Road summit to oppose the China-Pakistan Economic Corridor but Islamabad and Beijing vowed to conclude the contentious economic route. In the Summit China highlighted that all countries should respect sovereignty and Pakistan highlighted that CPEC had no geographical boundaries. The China-Pakistan Economic Corridor (CPEC) has emerged as a thorny issue between India and China whose ties have been under strain over issues including Beijing blocking New Delhi's bid for the Nuclear Suppliers Group and Tibetan spiritual leader the Dalai Lama's visit to Arunachal Pradesh in northeast India.⁸ The CPEC agreement will boost Pakistan's economy as Islamabad highlights that its economy will touch through this agreement at 7%. Accordingly there is great chances the CPEC may give fillip to nuclearisation in the South Asia. Although, Pakistan boasts of China-Pakistan's ties become now 'stronger than steel'. Even Pakistan was compelled by China to make Gilgit-Baltistan as fifth province of Pakistan which is part of Kashmir territory because China does not want to interfere into the India-Pakistan issues. But India objected the CPEC between India-Pakistan because India claims it hurts the sovereignty of India even if India was offered to join in the CPEC by China-Pakistan. India feels that joining the corridor will be problem for India because Pakistan Occupied Kashmir is part of Kashmir territory so is territorial issue if India join the CPEC then India-Pakistan must resolve the Kashmir issue which may be danger for India-Pakistan territorial integrity. Despite, India-Pakistan are not ready to settle or resolve their any issue owing to nuclear power position, India-Pakistan challenges and not compromising each other whenever any issue raise. So, China factor is most influential in India-Pakistan ties because India does not get entry into NSG due to China's objection. China seeks also Pakistan's entry into the NSG membership and signing and joining of India-Pakistan into NPT and CTBT unconditionally. But India claims that India-Pakistan should not get equal treatment due to India's many traits that Pakistan does not have like India

is second largest population after China, India is also emerging economy after China etc. It is believed that China-Pakistan Economic Corridor (CPEC) passing through Pakistan held Kashmir might create "geopolitical tension" in the South Asian region by provoking more tensions between India-Pakistan. The CPEC which is now 50 billion project could also incite separatist movement in Pakistan's Baluchistan province. The issue over Kashmir is also of concern since the crossing of the CPEC in the South Asian region might create geopolitical tension with India and ignite further political instability. The instability in Afghanistan could cast a shadow over viability of the CPEC over which India has already raised protests with China and boycotted the Belt and Road Initiative summit in Beijing recently. Afghanistan's political instability could also limit the potential benefits for transit corridors to population centers near Kabul or Kandahar as those routes traverse southern and eastern Afghanistan where the Taliban are most active. Other economic corridors of the Belt and Road Initiative including the Bangladesh-China-India-Myanmar Economic Corridor (BCIM).

CPEC Gain for Pakistan

The China-Pakistan Economic Corridor project (CPEC) is perceived good for Pakistan because Pakistan can achieve three strategic aims through CPEC. One, CPEC gives better infrastructure to a region that has been backward in the past. This project will create huge employment. Two, Pakistan held Kashmir and Gilgit-Baltistan through which the CPEC goes would list an enhancement in Chinese troops aimed at giving security to Chinese engineers and workers. This dimension strengthens Pakistan's hold on the disputed land and gives a shield from Indian counter –strikes in response to cross-border terrorism. Three, the CPEC gives an economic choice that lessens Pakistan's financial aid dependence on the US. China highlights that the CPEC is intended to strengthening economy of Pakistan. Chinese Scholars maintains that the CPEC is solely an economic initiative aimed at giving regional prosperity and better connectivity. It is not aimed at encircling India neither does it give a strategic framework for China-Pakistan security cooperation vis-à-vis India. The CPEC is aimed at increasing local Pakistan's security, employment and economic prosperity.⁹ China would want India to join the CPEC initiatives because the China's presence would stabilize the uneasy areas of Pakistan to the advantage of India. But security cooperation is part of the economic corridor agreement for example, as part of the CPEC agreement, China will build four submarines to

⁷ India Today, June 5, 2017, p.30-38.

⁸ The Indian Express , May 15,2017,p.1

⁹ Shanghai Institutes for International Studies, Shanghai, 15 November 2016 on 'China-India relations'.

form part of Pakistan's nuclear second strike triad.¹⁰ China will also be building a deep sea naval shipyard at Gwadar. For Pakistan, bolstering the Chinese naval presence by utilizing its geopolitical position has been a strategic motive for long. In May 2011, Pakistan's Defence Minister Chaudhary Ahmad Mukhtar disclosed that Pakistan had officially conveyed to China its request to build a naval base in Gwadar. The offer was attractive to China, given its own sense of vulnerability, vis-à-vis, the United States in the Malacca Strait. To Pakistan, bolstering China's presence in Gilgit-Baltistan and Baluchistan is viewed as offsetting presumed Indian designs in these areas.¹¹ The port in Gwadar is in a region that has historically criticized Islamabad for exploiting the province for its rich resources while, at the same time, neglecting the local Baloch and Pashtun people. While Baloch separatists fight for independence from Pakistan, the Pakistan government, similar to its reactions in the 1960s to the Awami League's genuine call for autonomy for Bengalis in the erstwhile East Pakistan (now Bangladesh), paints these demands as instigated by Indian intelligence, with little evidence to show for it.¹² This distracts from the real task of addressing the local people's needs and aspirations.

Problems for CPEC

So far, China has been impartial over the Kashmir issue but China is now ready to resolve the Kashmir issue between India and Pakistan because China has a "vested interest" China has always kept to the principle of non-interference in the internal affairs of other countries but that does not mean Beijing can turn a deaf ear to the demands of China's enterprises in protecting their overseas investments. India is firmly opposed to any "meddling" by a third party in the issue over Kashmir-the northern third of which is held by Pakistan and the southern two third by India. Mediating between India-Pakistan over Kashmir issue would perhaps be one of the toughest challenges facing China in dealing with regional affairs to safeguard its overseas interests. By vested interest meant the China-Pakistan Economic Corridor which passes through Pakistan-controlled Kashmir that is claimed by India? The \$46 billion CPEC is the key vein of the One Belt One Road (OBOR), an ambitious project of Chinese President Xi Jinping who is arguably on his way

to become as powerful as Mao Zedong and Deng Xiaoping. Though China appears to put in everything to make one belt one road a success, India's opposition to CPEC can play sorrow. India has vociferously opposed the project saying it will not approve of the road which goes through its territory occupied by Pakistan. Beijing is keen on India joining the project but New Delhi has been non-committal.

While the CPEC could serve as the driver for trade and economic integration between China, Pakistan, Iran, India, Afghanistan and the Central Asian states, it could also cause many problems within Pakistan and re-ignite separatist movement in the country due to opposition in Baluchistan. However, social and environmental safeguards are a concern. The CPEC could lead to widespread displacement of local communities. In Baluchistan, there are concerns that migrants from other regions of Pakistan will render ethnic Baloch a minority in the province. Moreover, concerns exist that the CPEC will pass from the already narrow strip of cultivable land in the mountainous western Pakistan destroying farmland and orchards. The resulting resettlements would reduce local population into an economically subservient minority. In addition, Hazaras are another minority of concern. If the benefits of the proposed CPEC are reaped by large conglomerates linked to Chinese or purely Punjabi interest, the identity and culture of the local population could be further marginalized. Marginalization of local population groups could re-ignite separatist movements and toughen military response from the Government. Regarding Belt and Road Initiative the scale of the Belt and Road Initiative both in terms of geographical coverage and its cross-sectorial policy influence will shape the future of global development and governance. The CPEC brings wide-reaching implications for China for the countries it links across the Asia-Pacific and for the global economy. In order for the full potential of the Belt and Road Initiative (BRI) to be realized there are several pre-requisites. It should be founded on principles such as trust, confidence and sharing benefits among participating states. It should play a positive role in the response to climate change over the coming decades, promoting low carbon development and climate resilient infrastructure. Last but not the least; to be effective and deliver results in a timely fashion, it should go beyond bilateral project transactions to promote regional and multilateral policy frameworks. The Belt and Road Initiative (BRI) will serve the interests of China and the countries along its corridors more effectively if it is shaped as a collective endeavor and is well integrated into existing regional cooperation initiatives. To this end, the Belt and Road Initiative needs to co-opt and engage Asian sub-regional platforms to ensure that it reinforces regional plans of connectivity and priorities the missing transport links along corridors particularly those in the China-Central West Asia and the

¹⁰Baqir Sajjad Syed, 'China to Build Four Submarines in Karachi', *Dawn*, 7 October 2015, available at <http://www.dawn.com/news/1211363>, accessed on 13 December 2016.

¹¹Koh Swee Lean Collin, 'China and Pakistan Join Forces Under the Sea', *The National Interest*, 7 January 2016,

¹²'What is Pakistan's Balochistan Insurgency and Why is India's Modi Talking about it', *The Wall Street Journal*, 17 August 2016,

China-Indo-China-Peninsula corridors. Shamsad Akhter, ex-governor of State Bank of Pakistan highlights that the benefits the Belt and Road Initiative (BRI) could bring are significant. The Belt and Road Initiative could help raise economic output levels by an average of 6% in participating countries. If these countries lowered border transaction costs and import tariffs, the difference Belt and Road Initiative (BRI) could make would be greater still.¹³ The perspective of Gilgit-Baltistan through which the corridor passes, runs into a black hole when the ground realities are considered. The people have no clue as to how they will benefit from the CPEC and ambiguity regarding the constitutional status of Gilgit-Baltistan has created further obstacles.¹⁴ As it stands today, the CPEC will benefit China-Pakistan overall but the local people in the regions that dominate the map of the CPEC stand to lose. Balochistan's rate of violence and human rights violations, due to insurgency and counter-insurgency, has been on the rise. In 2012, the chair of the US House of Representative Sub-Committee on Foreign Affairs, Dana Rohrabacher, introduced a resolution calling for self-determination by the Baloch people based on evidence of gross human rights violations by the Pakistan authorities.¹⁵ There have been cases of extra-judicial killing, kidnapping, and torture in Balochistan.¹⁶ China has its own problems across the border in Xinjiang. Populated by Uighurs, who are Muslims, and who view themselves as ethnically close to Central Asia, Xinjiang is China's largest administrative region. However, in recent years, Xinjiang has seen enormous economic development and its demographics have changed, with more than 40 per cent of the population now being Han Chinese. The best jobs go to the Han Chinese while the Uighur culture has been suppressed by the Chinese state. Muslim civil servants are banned from fasting during Ramadan. This has resulted in large ethnic protests, and violence has escalated with bomb blasts and knife wielding groups

attacking Han Chinese police stations.¹⁷ Deviating from the earlier policy of language flexibility in the minority border regions, China is now keen to introduce a monolithic language policy, with Mandarin dominating, that has resulted in violent reactions.¹⁸ Thereby, the root cause of the conflict in Xinjiang is premised on the protection of ethnic identity and culture, which China hopes the CPEC will help address. The CPEC is envisioned as a path forward between China and Pakistan to not only connect the two countries but also form part of China's One Belt One Road (OBOR) initiative. With the backing of the Asian Infrastructure Investment Bank (AIIB), the OBOR has started in earnest. Yet, the restive Balochistan stands in the way to a smooth symphony, contradicting China's dream of an interconnected Asia and Europe. Gwadar connects the Maritime Silk Road with the Arabian Sea and ultimately, the Indian Ocean. Access to Gwadar, whose operational contract was given to China in 2013, opens the shortest route for China to the oil rich West Asia or the Middle East, resource rich Africa and the European market. Gas pipelines connecting China with Pakistan and Iran, by extension to Iranian gas, are also part of the CPEC. Given the economic and geopolitical significance of the CPEC, Pakistan accuses India of encouraging the Baloch insurgency to sabotage the CPEC. Yet history informs us that the Baloch insurgency for greater autonomy and secession started way back in the nineteenth century.¹⁹ Hence, it is rather ingenuous of Pakistan to claim that the Baloch insurgency is a response to the CPEC. In spite of local problems or challenges in Gilgit-Baltistan and Balochistan, will China and Pakistan continue to support and fund the CPEC? And how do they view India's opposition to it? To answer the first question, China's and Pakistan's commitment to complete the CPEC infrastructure for economic flows, the first of which is slotted to be complete by end 2017, is firmly entrenched. In a meeting held in July 2015 to review the progress of the CPEC projects, Prime Minister Nawaz Sharif asserted that roads under the CPEC will be a game changer for a region that has been historically underdeveloped. This includes projects like the Attabad tunnel in Gilgit, the Gwadar International Airport, the railway between Peshawar and Karachi, the Sukkur-Multan, Gojra-Khanewal and Lahore-Abdul Hakim sections of the Peshawar-Karachi motorway, up gradation to the Havelian-Thakot road project (part of Karakoram Highway), the Gwadar East Bay Expressway,

¹³ Ibid.

¹⁴ Shabbir Mir, 'Gilgit-Baltistan Fears it will Not Benefit From CPEC', *The Tribune*, 10 August 2016, available at <http://tribune.com.pk/story/1159747/session-gilgit-baltistan-fears-will-not-benefit-cpec/>, accessed on December 12, 2016. Also see Zulfikar Ali, et.al. 'Almost Pakistan: Gilgit Baltistan in a Constitutional Limbo', *Dawn*, 9 August 2015, available at <http://www.dawn.com/news/1198967>, accessed on 13 December 2016.

¹⁵ Dana Rohrabacher, 'Why I Support Baluchistan?' *The Washington Post*, 6 April 2012, available at https://www.washingtonpost.com/opinions/why-i-support-baluchistan/2012/04/06/gIQAQ17ZOS_story.html?utm_term=.e7a9439f169f, accessed on 14 December 2016.

¹⁶ Ibid.

¹⁷ 'Why is there Tension between China and the Uighurs?' BBC, 26 September 2016, available at <http://www.bbc.com/news/world-asia-china-26414014>, accessed on 13 December 2016.

¹⁸ Ibid.

¹⁹ Usman Shahid, 'Baluchistan: The Troubled Heart of the CPEC', *The Diplomat*, 23 August 2016, available at <http://thediplomat.com/2016/08/balochistan-the-troubled-heart-of-the-cpec/>, accessed on 13 December 2016.

and the Mughalkot-DI Khan Road in Balochistan.²⁰15 Pakistan hopes that the CPEC will improve the energy situation in the long run, given the frequent power outages in Pakistan. Pakistan's Ministry of Planning, Reform, and Development, that is the overarching body in charge of the CPEC projects, showcases it as a great boost for Pakistan's economic development. China views the CPEC as an answer to address the growing turmoil in Balochistan which it believes is spilling over to Xinjiang. Hence, it is not only looking to fund infrastructure to generate employment and create a stable order in Pakistan's border regions, but also to keep a tight watch on growing religious fundamentalism, including the presence of the Taliban, Al Qaeda, and the recent entry of the Islamic State in Iraq and Syria (ISIS) into these areas.²¹16 Moreover, the bulk of CPEC funding (US\$ 35 billion) involves Chinese state firms tasked with building infrastructure.²²17 Significantly, the CPEC has the support of Chinese President Xi Jinping as it forms a part of his OBOR initiative, announced in May 2015 by China's National Development and Reform Committee (NDRC). In the Chinese perspective, the CPEC is the vital core of the OBOR as it links China's Eurasian Silk Road Economic Belt and Maritime Silk Road traversing South-East Asia. The most serious challenge to the CPEC continues to be the restive regions in Pakistan.

China's Gain in Pakistan

China highlights that the CPEC is intended to strengthening economy of Pakistan. Chinese Scholars maintains that the CPEC is solely an economic initiative aimed at giving regional prosperity and better connectivity. It is not aimed at encircling India neither does it give a strategic framework for China-Pakistan security cooperation vis-à-vis India. The CPEC is aimed at increasing local Pakistan's security, employment and economic prosperity.²³3 China would want India to join the CPEC initiatives because the China's presence would stabilize the uneasy areas of Pakistan to the advantage of India. But security cooperation is part of the economic corridor agreement for example, as part of the CPEC

agreement, China will build four submarines to form part of Pakistan's nuclear second strike triad.²⁴4 China will also be building a deep sea naval shipyard at Gwadar. For Pakistan, bolstering the Chinese naval presence by utilizing its geopolitical position has been a strategic motive for long. In May 2011, Pakistan's Defence Minister Chaudhary Ahmad Mukhtar disclosed that Pakistan had officially conveyed to China its request to build a naval base in Gwadar. The offer was attractive to China, given its own sense of vulnerability, vis-à-vis, the United States in the Malacca Strait. To Pakistan, bolstering China's presence in Gilgit-Baltistan and Balochistan, is viewed as offsetting presumed Indian designs in these areas.²⁵5 The port in Gwadar is in a region that has historically criticized Islamabad for exploiting the province for its rich resources while, at the same time, neglecting the local Baloch and Pashtun people. While Baloch separatists fight for independence from Pakistan, the Pakistan government, similar to its reactions in the 1960s to the Awami League's genuine call for autonomy for Bengalis in the former East Pakistan (now Bangladesh), paints these demands as instigated by Indian intelligence, with little evidence to show for it.²⁶ This distracts from the real task of addressing the local people's needs and aspirations. It is believed that China will build a military base in Pakistan for South Asian services like China is developing in Djibouti. These plans are in line with the proposals presented during the Belt and Road Forum in Beijing in the presence of 29 heads of state. India not attended the forum because a part of the Belt and Road Initiative (BRI), the China-Pakistan Economic Corridor (CPEC), infringes or violates New Delhi's sovereignty as it passes through Pakistan-Occupied Kashmir (PoK). But the CPEC probably affects Pakistan's sovereignty even more, since this project is more than a corridor; it is an expansionist plan as the military base singled out by the US Congress yearly report. China presents the BRI also known as the One Belt One Road Initiative (OBOR) as a connectivity project. Hence the reference to the old Silk Road and new maritime Silk Road. But it is more than that at least in the case of the CPEC. The CPEC does certainly imply the building of roads, railways and pipelines along corridors. The best well-known of these roads that uses the Karakoram Highway is already in operation between Kashgar and Gwadar. The distance between the two cities is 3,200 km long. But building roads, ports and railway linkages accounts for only \$11

²⁰ 'Completion of CPEC Projects by End of 2017 Ordered', *Dawn*, 28 July 2015, available at <http://www.dawn.com/news/1196808>, accessed on 13 December 2016.

²¹ Jeremy Page and EmrePaker, 'As Muslim Uighurs Flee, China Sees Jihad Risk', *The Wall Street Journal*, 1 February 2016, available at <http://www.wsj.com/articles/as-muslim-uighurs-flee-china-sees-jihad-risk-1422666280>, accessed on 13 December 2016.

²² Daniel Markey and James West, 'Behind China's Gambit in Pakistan', CFR Expert Brief, 12 May 2016, available at <http://www.cfr.org/pakistan/behind-chinas-gambit-pakistan/p37855>, accessed on 13 December 2016.

²³ Shanghai Institutes for International Studies, Shanghai, 15 November 2016 on 'China-India relations'.

²⁴ Baqir Sajjad Syed, 'China to Build Four Submarines in Karachi', *Dawn*, 7 October 2015, available at <http://www.dawn.com/news/1211363>, accessed on 13 December 2016.

²⁵ Koh Swee Lean Collin, 'China and Pakistan Join Forces Under the Sea', *The National Interest*, 7 January 2016,

²⁶ 'What is Pakistan's Balochistan Insurgency and Why is India's Modi Talking about it', *The Wall Street Journal*, 17 August 2016,

billion of the CPEC project; a small part of the \$ 46 billion announced in 2016 when the first Memorandum of Understandings between China and Pakistan were signed. The total amount involved in the project looks closer to \$57 billion at present. Infact, energy with \$34 billion gets the big chunk of the CPEC. Accordingly pet-name, China-Pakistan Electric Cooperation. Out of the \$11 billion mentioned besides the \$ 1billion grant dedicated to Gwadar port and airport, \$10 billion will include not from Foreign Direct Investments but through loans. The same ratio, it looks will apply to the energy sector where dozens of thermal power plants using coal mostly will built. It is believed that China's rates on concession to Pakistan can find the final debt unsustainable. According to economists of Pakistan that over the next 30 years, the cost of the CPEC for Pakistan may amount to about \$90 billion. But Pakistan's opposition politicians highlighted that CPEC is the making of another East India Company. But this criticism has hardly made any difference. The Pakistan Muslim League Nawaz (PML-N) government is presenting the CPEC as one of Prime Minister Nawaz Sharif's main success from the perspective of Memorandum of Understanding (MoUs) signed by Sharif and Xi Jinping in Beijing on the side of the Belt and Road Forum(BRI) were broadcasted. Essentially, the CPEC will make army of Pakistan to grow more. A new division, the Special Security Division has been created. And 15000 men has been selected and deployed to provide security to 34 projects, this is what the Chinese were asking for after the targeting of some of their engineers and workers as already 10,000 Chinese work in Pakistan particularly in Baluchistan. The CPEC permits the Pakistan's army contact directly to the Chinese government not only for security reasons but also for economic affairs. The army can use the CPEC for developing what Ayesha Siddiqa ha called the *Milbus*-the military business complex that gained momentum under General Pervez Musharraf and after. But the civilians will oppose this development. The army may also suppress the Baluchistan movement even more strongly for economic security under the CPEC's umbrella. While Pakistan can become protectorate from the context of economic freedom of the country and role of army in the civilian area may be challenge from terrorist threat. The terrorist link of the Uyghur province is at present one of Beijing's apprehensions. Hence, it is believed that China can influence the army of Pakistan for eliminating groups with which it had been satisfied so far. This approach may compel China to intervene in Afghanistan where China is also interested because of its mineral resources. Notwithstanding, the Border Road Initiative (BRI) has for regional prosperity. The CPEC can play positive role in preventing/reducing of nuclear exhibitionism by the more vulnerable of the two countries, Pakistan, since now the economic stakes will be very high for Pakistan after the establishment of the CPEC

infrastructure and its implementation. So it could be a positive development (CPEC) that could reduce the tensions concerning nuclear war.

China's Loss in India

The CPEC will remain a concern if India is not taken on board as China's President Xi Jinping has tried its best to defuse the concerns of China's neighbors including India by referring to the Panchsheel of the 1950's in his address to the Belt and Road Forum. But this proposal would be more meaningful if Beijing recognize New Delhi's sovereignty over Arunachal Pradesh, stop its incursions in the Himalayas, support and accept India's candidacy to the NSG and in the United Nations, the India-backed resolution designating Masood Azhar as a terrorist.²⁷What about Indian concerns? India has opposed the CPEC as it runs through PoK and Gilgit-Baltistan. When asked about India's opposition, Chinese scholar Zhao Gancheng expressed that China cannot wait for a resolution of the India-Pakistan dispute to realize its OBOR dreams. For China, access to the Indian Ocean, economic connectivity for Xinjiang, and development of trade, underestimates considerations of Indian fears of strategic encirclement. He also supports that China's focus is on economic development and interconnectivity and is not designed to contain or encircle India.²⁸However, the CPEC has seen submarine transfers, joint exercises, upgrade of the naval base, as well as the future Chinese naval presence in the Indian Ocean, a direct security concern for India. Thereby, the twin concerns of Chinese willingness to sign deals with Pakistan involving disputed territories, and Chinese military presence, close to India's western border, are perceived as a tactical vulnerability by India. On the strategic level, what does the CPEC signify? For India, it does not offer any strategic advantage. China is increasing its presence via its capability of building good infrastructure at a fast pace—roads, rails, and economic hubs— which countries in South Asia are especially seeking. China is showcasing itself as a good infrastructure builder with the money to show for it. The Asian Infrastructure Investment Bank has been established specially for this purpose: to fund projects under the OBOR. In the long term, it offers China the strategic advantage of operating a port like Gwadar with direct access to the Indian Ocean, a short clear path to

²⁷ The Indian Express, June 13, 2017, p.15.

²⁸See 'China-Pakistan Economic Corridor will not Affect China's Stand on Kashmir: Beijing', *The Economic Times*, 31 August 2016 available at <http://economictimes.indiatimes.com/news/defence/china-pakistan-economic-corridor-will-not-affect-chinas-stand-on-kashmir-beijing/articleshow/53946856.cms>, accessed on 14 December 2016.

the Middle East and to Africa. It strategically equips its military to keep watch on India from the East and the West. Growing Chinese military presence in Tibet and Pakistan implies that India has to account for two nuclear armed nations with joint conventional capacities. Pakistan has set up Task Force 88 (TF88) by its Navy to guard Gwadar port, plausibly against a perceived Indian military challenge.²⁹ This development suggests escalated military deployments; an articulated security concern for India. Nevertheless, the most serious challenge to the CPEC continues to be the restive regions in Pakistan. If the local people do not accept the CPEC, it foretells serious problems for the endeavor in the long term. An insecure region cannot sustain economic development. To address the Chinese concerns, Pakistan has set up a 10,000-strong CPEC armed force to protect the nearly 14,000 Chinese engineers and technicians involved in 210 CPEC projects, according to Syed Tariq Fatemi, Special Assistant to the Prime Minister on Foreign Affairs.³⁰ This includes Chinese workers building the Gwadar international airport and university, and the 2,000 acre free economic zone at Gwadar port. For India, it is pertinent to remain vigilant about economic inter-connectivity fast tracked by China in Pakistan as well as other parts of South Asia, as well as keep abreast of security implications, given India's territorial disputes, both with Pakistan and China. In the long run, some manner of a regional cooperative framework involving China and India makes strategic sense given the vital requirement of transparency to address misperceptions. It is clear that the whole project is China-centric and China-led because all announcements and decisions are coming from the China's side. Others have to obey. For India, it is difficult to emerge as a junior partner in the China's project. No wonder India boycotted the One Belt One Road summit. The decision also caused in China's reluctance to address its concerns on CPEC projects in Pakistan Occupied Kashmir (PoK). Opposing One Belt and One Road Initiative and weakening China's story about its expected global dominance but India will face the more difficult challenge of responding to the rising China's control in India's vicinity and offering an alternative to its neighbors. If Chinese plans succeed, India will have to deal with a basically changed neighborhood that is already inclining into China's economic orbit. Some suggests that India's response should begin with consolidating its interests in its

immediate neighborhood where its core interests lie, rather than attempting to counter China's moves in Africa or Southeast Asia. India could begin for example by leveraging and opening its market and integrating with the neighborhood even if it comes at some domestic cost. India also needs to more robustly push its own connectivity agenda. New Delhi has no deficiency of such projects from 'Go West' where India is working with Iran on the 'Chabahar' port. Accordingly India requires concentrating on its own growth and closing the ever-widening gap with China. Then international perception will only change once India is seen narrowing the gap with China because India is the only country with area, population and potential market to be in the same league. Even if India narrow the gap and grow at 8-9% ever year, the world will look at India differently. India has surely raised the stakes by declaring it will not necessarily accept silently to a Chinese-dominated order. But ultimately India will also require presenting a credible alternative.³¹

India-US Growing Ties

In the aftermath of 123 agreement between India-US in 2006, the US supports India in the permanent memberships in the institutions of Nuclear Suppliers Group and United Nations Security Council but China hampers India to become permanent members of these two important institutions. Accordingly, India-US relations are growing especially in strategic perspective as recently, the Washington revealed the new policy for South Asia mainly for Afghanistan and Pakistan. India-US becomes close strategic partners because the US has revealed new strategy for South Asia especially against the non-state actors in Afghanistan and Pakistan. The US is highlighting that India as a key security and economic partner of the US pertaining to Afghanistan and the US wants and emphasizes India to play a larger role in providing economic and development assistance to the war-torn Afghanistan. Accordingly, the US also targeted Pakistan in respect of terrorism which India welcomed because India highlights that Pakistan is the safe havens of cross-border terrorism against it. So, convinces international community especially US to pressurize Pakistan in eliminating terrorism.³² The US also brought India directly into the equation by handing over a strategic role for India in Afghanistan. Conversely, China supports Pakistan on the ground that Islamabad is at the frontline of combating terrorism Hence, the US-India relations led to strategic shift in South Asia as India-US and China-Pakistan which can produce complexity of situation because US now shows confidence in India and

²⁹ 'Special Forces Set up to Guard Gwadar Port's Sea Lanes', *Dawn*, 13 December 2016, available at <http://www.dawn.com/news/1301970/special-force-set-up-to-guard-gwadar-ports-sea-lanes>, accessed on 14 December 2016.

³⁰ Pakistan Sets up 10, 000-Man Force to Protect Chinese Interests', *China Daily*, 3 February 2016, available at http://usa.chinadaily.com.cn/world/2016-02/03/content_23382836.htm, accessed on 14 December 2016.

³¹ *India Today*, 5, June 2017, pp.37-38.

³² *The Hindu*, 23, August, 2017.

looks Pakistan with suspicion and wants US victory in Afghanistan instead of leave from Afghanistan. From historical standpoint, Pakistan has been looked as non-NATO ally to US and India as a friend not an ally. But the US is looking at India as an ally and Pakistan as the problem. Therefore, this is a new strategic shift in South Asia.

CONCLUSION

China-Pakistan should sincerely offer India to join in the CPEC project because China-India-Pakistan have same status in nuclear context in the international scenario but China-India are to some extent equal in terms of population, size and economy. Economic factor can bring China-India very close because both countries wish to be great economies or major powers in international arena. China-India are each other's important neighbors and two important markets and emerging countries. But their unresolved mutual issues hedges their good relations and supporting for any economic integration or cooperation. China-Pakistan has not any such issue which hinders their close relations. So, India-Pakistan has different image ahead China. In view of these traits between China-India should foster mutual trust, understanding and focus on economy. Wars do not matter but economy matters in the international sphere. It is economy that gave fillip to China initiates the CPEC which will enhance Chinese economy globally. Accordingly, India should either join the CPEC or see credible alternative vis-à-vis the CPEC. Otherwise, China may in future meddle into the affairs of India-Pakistan as China blocks permanent membership of India into Nuclear Suppliers Group and upholding technical hold on listing the Masood Azhar as international terrorist as well as in Kashmir issue where the CPEC passes through. Infact, India is the only country in South Asia who challenges China card. In spite of that India-US become close strategic partners which witnessed by the recent US disclosure of new strategy for South Asia especially in respect of Afghanistan and Pakistan where US suggested India to shoulder responsibility in playing a larger role for economic and development assistance to the war-torn Afghanistan. The US also brought India directly into the equation by handing over a strategic role for India in Afghanistan. Hence, the US-India relations led to strategic shift in South Asia as *India-US alliance* and *China-Pakistan alliance* which can produce complexity of situation in the South Asia region.

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